EDITORIAL

FCC should unlock savings for cable consumers

ANDREW HARNIK/AP/FILE 2015

FEBRUARY 10, 2016

Set-top cable and satellite television boxes look, and sometimes act, like relics from an earlier technological age. Most of them are clunky, finicky, and ugly. There's also something else anachronistic about the equipment — the monthly rental fee that companies charge customers for their use. Set-top box fees total about $231 a year per household, according to the Federal Communications Commission. A report released last July by

Democratic senators Edward J. Markey of Massachusetts and Richard Blumenthal of Connecticut said the rentals generate more than $19.5 billion annually for the industry.

Because nearly all customers sign up for service that bundles the boxes into complicated pricing packages, few people realize what they're being billed for – about 99 percent opt for box rentals. That's given cable companies little incentive to make set-tops less expensive and more useful. FCC Chairman Tom Wheeler, writing for the tech website Re/code, said a recent analysis showed that the price of set-top boxes has risen by 185 percent over the last two decades, while the cost of TVs and computers has fallen by 90 percent.

Under a common-sense proposal put forth by Wheeler, the regressive era of never-ending payments could give way to greater innovation, and savings for consumers. The commission is scheduled to vote February 18 on a plan that would unlock some of the technology inside those heat-generating TV boxes. It would allow outside vendors acccess to cable companies' programming, but not their proprietary information, Wheeler said, while "maintaining strong security, copyright and consumer protections." That would motivate more forward-thinking tech companies to make their own versions of the equipment, which customers could buy — instead of lease — and then choose whichever cable or satellite provider suits their needs. It is possible to do so now, but the choices are limited.

Wheeler's model also would promote better integration of the two primary ways people use their televisions — to watch traditional stations and cable networks, and to stream Internet-based services such as Netflix, Hulu, and YouTube. Now millions of viewers who want to do both have to clutter their consoles with set-top boxes from cable providers and separate equipment from Amazon, Apple, and Roku, or other streaming companies.

The cable industry, along with some content creators and programmers, last month formed an organization called the Future of TV Coalition to oppose the FCC's proposed changes. The group says cable companies already are introducing pay-TV apps that eliminate the need for set-tops, "a trend that will only accelerate," and doesn't require government interference. Comcast, the country's biggest cable company, has rolled out a souped-up cable box for its Xfinity customers and also offers a service called Stream TV that doesn't require a box for live viewing.

Alfred C. Liggins III, the Future of TV Coalition's cochair, called Wheeler's plan "a brazen money grab by Big Tech companies that would do severe damage to the programming ecosystem, and in particular, niche and minority-focused networks." By Big Tech, he probably means Google, which is pushing its own fiber-optic system, and sells the popular Chromecast Internet-streaming device. But the trade group's argument smacks of desperation. Cable-box rentals are a throwback to the days when people leased rotary phones from Ma Bell.

"Consumer choice should fuel the video-box market, not cable company control," said Markey, who coauthored the 1996 Telecommunications Act and is a longtime critic of the industry's consumer-unfriendly practices. "In the 21st century, consumers should be able to choose their set-top box the same way they choose their mobile phone."

The FCC can't pull the plug on this practice fast enough.

The New York Times http://nyti.ms/1nSiO4m

The Opinion Pages | EDITORIAL

The F.C.C. Gets Ready to Unlock the Cable Box

By THE EDITORIAL BOARD FEB. 8, 2016

Every year, American cable-TV subscribers spend $231 on average to rent cable boxes that they should be able to buy outright, potentially saving them hundreds of dollars over several years. Consumers could soon have that option under an excellent proposal by the chairman of the Federal Communications Commission.

Even as computers, wireless phones and other electronic devices have become cheaper, the cost of renting cable boxes has been increasing. That's because cable companies have made it incredibly hard for customers to buy and use their own machines. Rental fees bring in nearly $20 billion in annual revenue for cable, satellite and telephone companies, according to an analysis by two Democratic senators, Edward Markey of Massachusetts and Richard Blumenthal of Connecticut.

Last month, the chairman of the F.C.C., Tom Wheeler, proposed new regulations based on a provision of a 1996 telecommunications law that requires cable companies to accommodate competing devices. The commission tried to do this before, but the solution presented to consumers has been impossibly cumbersome. It relies on electronic cards that consumers get from their cable companies and insert into boxes they buy from companies like TiVo. Cable companies often charge a monthly fee for the use of the cards, and getting and using them can be a hassle. It's no surprise that 99 percent of customers still rent cable boxes.

Mr. Wheeler wants the cable businesses like Comcast and Time Warner Cable and technology companies like Google and Amazon to jointly develop technical standards for cable devices. That would allow consumers to watch cable television on any device that meets those standards. Some manufacturers could build televisions that already incorporate a cable box. Or companies like Apple could refine software that will let people watch all cable TV on their phones and computers. Much of the technology needed to do this exists, and companies like Comcast and HBO are already using it to make some TV shows and movies available online.

Regardless of what device people use, it would have to comply with the privacy and copyright protections that apply currently to cable boxes. This approach should make it easier for consumers to choose how they watch television, provided that the telecom and technology companies, which have had a testy relationship, can work together.

Not surprisingly, the telecommunications industry is opposing Mr. Wheeler, arguing that his proposal amounts to needless government meddling that will stifle innovation. These are self-serving arguments by an industry that is, understandably, afraid of losing billions in revenue. It is important to remember that Mr. Wheeler's proposal doesn't require consumers to make any changes. Anybody who is happy renting a cable box, can keep doing so.

If the industry had its way, we would still be renting phones from the old Ma Bell. Allowing consumers to buy their own phones was one of the first steps the F.C.C. took in promoting new telecommunications technologies. Requiring cable-TV systems to make room for competing devices should similarly lead to a boom in new types of services and technologies.

Consider this: The monthly cost of renting cable boxes has gone up 185 percent since 1994, according to data collected by Consumer Federation of America and Public Knowledge. By comparison, the Consumer Price Index, which measures overall inflation in the economy, was up about 60 percent in that time.

The F.C.C. is expected to vote on Feb. 18 to start taking public comments on Mr. Wheeler's proposal. A final rule could be adopted by the end of the year. The F.C.C.

should move as quickly as possible. Americans have waited long enough for more and better choices than the cable box.

A new proposal from the F.C.C. would make easier for consumers to choose how they watch television.

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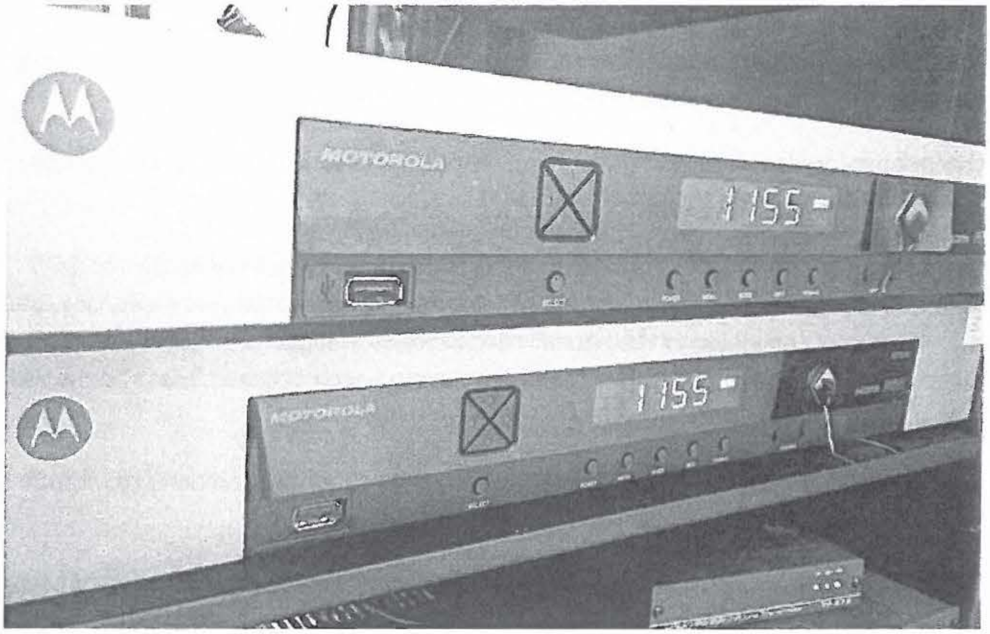
Greater New Orlear

Three cheers to FCC for wanting to bust cable box monopoly: JR Ball



The FCC wants to give cable and satellite customers a choice when it comes to set-top decoding boxes. *(JR Ball)*

By **JR Ball, NOLA.com | The Times-Picayune**
Email the author | **Follow on Twitter**
on February 02, 2016 at 12:13 PM, updated February 02, 2016 at 2:44 PM

Rarely do I come down on the side of government in disputes with private business. The move by Tom Wheeler, head of the Federal Communications Commission, to give all of us more choices when it comes to buying or renting the boxes necessary to watch cable or satellite television is one of those rare instances.

Wheeler says it's ridiculous — and overly expensive — that most customers are forced into paying monthly fees to rent decoding boxes from their cable or satellite company in order to watch programming. That's why the FCC last week announced a proposal that, in effect, will break the near-monopoly enjoyed by cable and satellite companies, making it possible for consumers to purchase or rent decoding boxes from third-party vendors.

"Lack of competition has meant few choices and high prices for consumers," Wheeler said in a statement. In a post on the technology news site Recode, he wrote, "It's time to unlock the set-top box market — let's let innovators create, and then let the consumers choose."

As you might expect, technology companies, like Google, Apple and Amazon, cheered the proposal, which will be voted on Feb. 19. The cable industry, perfectly happy with a very profitable near-monopoly, is not so thrilled.

Which makes sense given the typical American household pays $231 per year renting decoding boxes from cable companies, according to a study last year by the U.S. Senate. Brace yourself, but that adds up to a $19.5 billion revenue stream for cable companies. Think about it: Almost $20 billion a year rolls into the coffers of Cox Communications and other cable companies for doing nothing more than *renting* boxes that make it possible to view paid programming and supposedly *free* high-definition TV.

In my case, I shell out $17 per month (it will be $9 higher once the monthly fee for the new mandatory boxes kick in next year) for boxes that make it possible for me to actually watch $160 worth of monthly sports and entertainment stuff.

As a Cox customer for 19-plus years, I've ponied up some $4,000 in cable box rental fees. Seriously, how many cable boxes could a person buy for that kind of money? A quick Google search suggests that kind of money could get you 10 top-of-the-line TiVo Premiere Elites, or 28 entry-level TiVo Premiere HD DVRs.

Cox, in a statement, says customers prefer "leasing" because doing so means they don't have "to worry about the cost to replace equipment or things like warranty coverage to protect against equipment they purchase failing." The company statement goes on to say, "Equipment and software upgrades are par for the course when a customer leases from us."

That might all well be true. What's also true is other customers would prefer a choice — one that really doesn't exist right now, though, to be fair, there is some Cox integration with TiVo DVRs.

I quietly seethed about this form of must-rent TV for more than a decade, staying silent largely because I'm addicted to DVR viewing (it's more time efficient) and there really was no legitimate alternative. My breaking point came this year when Cox, after a technology upgrade, made renting a set-top box for every television in the house mandatory. No longer were secondary TVs a plug-and-play situation; now it's a plug-rent-plug-and-play situation, and after the grace period each of those "lease" boxes will cost an additional $3 a month.

Cox says I can avoid renting the new boxes by either 1) junking the televisions in those rooms and watching on an iPad, iPhone or Android device, or 2) purchase new Internet capable televisions and stream programs via a Cox app.

If the FCC has its way, I — and others — will have multiple other options to quench our thirst for the mass consumption of brain-numbing television and video viewing. Frankly, I'm guessing the good folks at Apple will find a fabulous way for me to not only DVR programs but also watch cable, Netflix, Hulu and YouTube without having to push 64 buttons over three different remote controls.

I get why companies like Cox, who I mention only because it's the dominant cable company in the Baton Rouge and New Orleans markets, want to protect this lucrative revenue stream. Younger folks are increasingly opting for a cable-free lifestyle and networks as well as local stations are squeezing cable companies harder on retransmission fees. No doubt, profit margins for Cox are declining.

That, however, is a problem for the cable companies to solve. My concern is why, according to the FCC, has the cost of set-top boxes increased 185 percent since I became a cable subscriber while the cost of computers, televisions and mobile phones dropped by 90 percent?

Wheeler rightly compares this proposal to one made by the FCC more than 20 years ago, allowing other companies to provide telephones that would work with the Bell telephone signal. Remarkably, once the walls of the monopoly were broken the price of telephones fell. As important, competition led to advances that made the phones better.

Given the warp speed of technology innovation over the past two decades, this move by the FCC is long overdue.

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***JR Ball** is a columnist with NOLA.com | The Times-Picayune in Baton Rouge. Email him at jrball@nola.com. You can also keep up with his local updates on Twitter (**@jrball35**), Facebook (**jrball**) and Google+ (**+JRBall**).*

Opinion / Editorial

Editorial Thinking outside the cable box

Set-top box rentals generate about $19.5 billion a year for cable and satellite TV companies. (TNS)

By The Times Editorial Board · Contact Reporter

JANUARY 28, 2016, 5:00 AM

Cable TV customers are fond of complaining about their ever-rising monthly bills, which now average almost $100. Although the main factor has been the growing sums of cash the cable operators have to fork over to NBC, ESPN and other networks for their programming, the operators themselves are demanding higher fees from consumers for the converter boxes that unscramble, record and display shows. According to the Federal Communications Commission, Americans pay an average of $231 a year renting pay-TV set-top boxes, with cable box fees almost tripling since the mid-1990s.

Worse, consumers have little choice when it comes to cable converter boxes. As part of a telecommunications-law overhaul in 1996, Congress required the cable industry to open their systems to set-tops made by competitors. That presented technical challenges, however, that cable operators have been less than enthusiastic about solving. And even when a solution was found, the industry continued to act as a gatekeeper over devices and technologies. As a result, with limited exceptions, consumers have been stuck with whatever their local cable operator offered, which has slowed innovation in program guides, digital recorders, the integration of online content and other key aspects of TV service.

This week, Federal Communications Commission Chairman Tom Wheeler unveiled yet another effort to create a secure way for device makers to connect to cable services and provide alternatives to the industry's set-top boxes. The proposal wouldn't dictate the technology used; instead, it would require cable operators to comply with a set of open standards for how information is transmitted and protected. The goal would be to allow companies to fully integrate the channels that consumers subscribe to on cable with other forms of entertainment on a single Internet-connected screen or device. Consumers would still have the option of the local cable operator's box, but the difference is that it would be an option, not a prerequisite to getting cable programming.

If it worked, one obvious result would be that cable operators would face competition for the roughly $7.50 they collect each month per converter box, which should drive costs down for consumers. But just as important, there would be competition over how cable services are presented on screen. Today, the local cable operator controls the "user interface" for its programming, from the program guide to the playback controls on its DVR. With an open market, other companies would be able to offer alternative user interfaces. A good example is what Fanhattan did with its interface for Time Warner Cable, which offered viewers compelling new ways to browse for shows in addition to the usual time-and-channel grid.

The FCC is expected to vote next month whether to start a formal rulemaking on Wheeler's proposal. And not surprisingly, the cable industry and its partners in Hollywood are resisting Wheeler's proposal. Device makers would be able to emphasize some channels over others, which could hurt lesser-known networks, they argue, and consumers could be showered with intrusive ads. Just be patient, they say, because cable operators and TV networks are gradually rolling out more options for consumers.

The critics are right about one thing: The cable industry is, slowly but surely, giving customers the ability to watch TV on more devices without the need for a pricey set-top. In fact, a handful of cable executives have said they would like to be rid of set-tops once and for all. They have good reasons to do so: the boxes cost money to purchase and maintain, and the rapid advance of computing technology can make even a two-year-old box seem slow and outdated.

Nevertheless, Congress decided almost 20 years ago that cable operators shouldn't be the ones controlling the evolution of set-top boxes. That market should be competitive. And rather than trusting cable operators to promote indie networks, limit consumers' exposure to advertising and protect their privacy, it's far better to let consumers decide such things for themselves in an open, competitive market.

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End the cable box rip-off: Our view

The Editorial Board, *2:57 p.m. EDT September 14, 2015*

You're paying more than $230 a year to rent boxes because the industry likes it that way.

(Photo: Pablo Martinez Monsivais, AP)

Once, all you needed to get every available TV channel was an antenna. Then came cable, and except for premium channels, all you usually had to do was run a wire from the set to the wall. Over time, though, cable companies digitized their signals, which meant you had to have a set-top box to watch just about anything.

That turns out to have been a lucrative development for the cable industry. In addition to charging for channels, companies now lease set-top boxes to an estimated 99% of their customers (http://www.markey.senate.gov/news/press-releases/markey-blumenthal-decry-lack-of-choice-competition-in-pay-tv-video-box-marketplace) for an average of more than $230 a year per household. Total revenue to the industry: almost $20 billion a year, according to Sens. Edward Markey, D-Mass., and Richard Blumenthal, D-Conn., who say consumers deserve better.

USA TODAY

Don't hit rewind on TV revolution: Opposing view

(http://www.usatoday.com/story/opinion/2015/09/14/cable-set-top-boxes-tv-products-editorials-debates/72265478/)

The state of set-top boxes is almost as onerous and anti-competitive as it was when the only way you could get a telephone was to rent it from "Ma Bell" — the AT&T telephone monopoly that forbade customers from connecting anything but its devices to telephone lines. Then came the Federal Communications Commission's 1968 Carterfone ruling (https://www.fcc.gov/article/fcc-15-24a1), which eventually let consumers buy their own phones and triggered an explosion of innovation.

That's what the FCC thought it was doing in 1998 when it responded to a congressional mandate for better set-top boxes by requiring cable operators to make available "cable cards" consumers could install in third-party boxes they bought themselves. While that can work, some cable companies fought it by charging monthly rental fees for the cards and making installation grueling — "waterboarding meets the DMV (http://www.dslreports.com/shownews/Cable-Industry-Shucks-Guess-Nobody-Wants-CableCARDs-104768)," complained one consumer website.

Nor do companies do much to advertise the option, a key reason why only 1% of customers buy their own boxes. The industry "totally undermined and failed to support" the cable-card experiment, says John Bergmayer, a senior staff attorney with Public Knowledge, which has been battling the cable industry to open the market for better boxes.

The FCC has an opportunity to open the way for better devices, and it should. The agency is considering competing recommendations from a working group.

Ideally, you should be able to buy a cutting-edge set-top box for a reasonable price that would run rings around what you can lease from your cable provider. It would give you not just the cable channels you pay for, but also any other services you subscribe to (Netflix, Amazon, Hulu, etc.), plus Internet content, all in the same box (or built into your TV), and in an easily searchable grid not controlled by the cable provider.

When you look for a movie, for example, you could find it in your cable on a demand list (for an extra fee), but also from another service you've already paid, for no more money. Such a device might also consume far less electricity than today's boxes, which run even when they're turned off and are second only to air conditioners as some homes' biggest energy drain.

To make this possible, the FCC would have to require the cable industry to provide a feed that would work on all sorts of third-party boxes. Unsurprisingly, the industry says that's too complicated and too onerous. The real reason seems to be that it would threaten cable providers' gravy train of rental income and their control of how their customers watch TV — reasons the FCC would do well to look past as it seeks the best outcome for consumers.

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The New York Times http://nyti.ms/1LNbwbZ

The Opinion Pages | EDITORIAL

Let Consumers Use Better, Cheaper Cable Boxes

By THE EDITORIAL BOARD AUG. 31, 2015

Of all the electronic devices in American homes, the cable box is one of the hardest to use and probably one of the most expensive. A recent survey by two Democratic senators found that consumers spend on average about $231 a year to rent them.

People should be able to buy cable boxes from any manufacturer and connect them to their cable line or satellite dish as long as they meet basic technical standards. That could save Americans hundreds of dollars; it's a one-time outlay, and the cost of the technology in set-top boxes, as with other electronics, is falling. Some companies sell them for less than $200.

The virtual monopoly that cable companies have over set-top boxes is reminiscent of the way AT&T used to require customers to rent phones from the company and prohibited them from using other devices. That ended after the Federal Communications Commission forced the company to let people connect telephones, radios and other equipment that were not made by AT&T in a 1968 decision known as Carterfone.

That pivotal decision, in turn, saved consumers money and boosted innovation by opening the door for devices like dial-up modems that people would later use to connect to the Internet.

Regrettably, regulators have not had the same success prying open the cable network. In 1996, Congress required cable companies to accommodate competing devices, which allowed companies like TiVo to sell set-top boxes directly to consumers. But most consumers have chosen not to buy these machines, which need an electronic card to verify your cable-TV subscription. Cable companies issue these cards, but often for a monthly fee, and experts say getting and using the cards can be a big hassle.

The result is that most Americans rent set-top boxes, paying a total of nearly $20 billion a year to cable and satellite companies like Comcast and DirecTV, according to data collected by the two Democratic senators, Edward Markey of Massachusetts and Richard Blumenthal of Connecticut.

But the cable-box boondoggle could be coming to an end. The F.C.C. is expected to consider new regulations based on recommendations provided to the commission on Friday by a panel of experts from telecommunications companies, public interest groups and device makers.

Connecting a set-top box to a cable line or satellite dish should be as easy as activating a new cellphone on a wireless network. Consumers should have a choice of devices, and they should be able to buy the boxes outright or pay for them through their monthly plan. And using a set-top box should not require an electronic card. Surely, cable and tech companies can come up with software that can verify that set-top boxes are being used by paying subscribers.

In addition to saving people money, reducing cable companies' control over set-top boxes could improve TV watching. Some television makers might build set-top boxes into their machine so consumers would not have to buy two devices. Tech companies like Apple and Google could create set-top boxes with easier-to-use menus. Device makers might also offer consumers the ability to simultaneously search for entertainment on cable and Internet-based services like Netflix and Hulu.

Cable and satellite companies will surely resist change or try to water down the new F.C.C. regulations. After all, they stand to lose billions in rental fees. But it is in their long-term interest to give consumers more choices. A growing number of Americans are giving up cable-TV because it costs too much. Consumers might be more inclined to pay for cable if the industry stopped trying to nickel-and-dime them.

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